
CLALLAM COUNTY PROFILE
MAY 1997

Labor Market and Economic Analysis Branch
Employment Security Department

This report has been prepared in accordance with
RCW 50.12.260.

Carver Gayton, *Commissioner*
Washington State Employment Security Department

Gary Bodeutsch, *Director*
Labor Market and Economic Analysis Branch
P.O. Box 9046
Mail Stop 6000
Olympia, WA 98507-9046
(360) 438-4800

Prepared by
Jay Barrier, *Economic Analyst*
and Paul Cichello, *Research Analyst*
Layout by Bonnie Dalebout, *Editorial Assistant*

Acknowledgements:

Port Angeles Job Service Center
1601 East Front Street
P.O. Box 992
Port Angeles, WA 98362
(360) 457-9407

Clallam County Economic Development Council
102 East Front Street
P.O. Box 1085
Port Angeles, WA 98362
(360) 457-7793

Jim Vleming, *Regional Labor Economist*
Employment Security Department
P.O. Box 9046
Mail Stop 6000
Olympia, WA 98507-9046
(360) 438-4821

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INTRODUCTION

This report profiles the labor market and economic characteristics of Clallam County. It was prepared by the Labor Market and Economic Analysis (LMEA) Branch of the Washington State Employment Security Department and is one in a series that profiles labor market and economic conditions in each of Washington's 39 counties.

The profile is designed to assist state and local planners in developing local economic strategies. It is also an effective tool for answering labor market and economic questions frequently asked about the county. Readers with specific information needs should refer to the *Table of Contents* or to the *data appendix* to more quickly access those sections of particular interest to them.

Like the earlier *Clallam County Profile* of September 1992, the purpose of this report is to provide a comprehensive labor market and economic analysis of Clallam County. Characteristics profiled include the following:

- physical geography, economic history, and demographics
- labor force composition and trends
- industries, employment, income, and earnings

- skills and occupations
- economic development and job training

Much of the information in this report is regularly updated on the LMEA Internet homepage. The homepage contains current and historical labor market information which can be accessed by area or by type of information. The site address is:

<http://www.wa.gov/esd/lmea>

In addition to the internet, much of the information is also regularly updated in an LMEA data base made available to the public through an electronic bulletin board system. The system can be accessed at no cost via personal computer, computer modem, and appropriate communications software. For information about accessing the bulletin board, contact the Automated LMI section of the Employment Security Department at (360) 438-4800.

Any inquiries or comments about information in the profile should be directed to the Labor Market and Economic Analysis Branch.

GEOGRAPHY

Situated on the northern extension of the Olympic Peninsula in Western Washington, roughly half of Clallam County is surrounded by water. To its north and west lie the Strait of Juan de Fuca and Pacific Ocean, respectively. Further north across the Strait is the Canadian territory of Vancouver Island, British Columbia. The county's only land-bound border is shared with Jefferson County to the south and east. Roughly half of Clallam County, including most of its Pacific shoreline, is designated as part of the Olympic National Park or Olympic National Forest.

Covering a geographic area of 1,753 square miles, or just over 2.6 percent of the state's total land area, Clallam County ranks 20th in land mass among Washington counties.

The extremely varied terrain of Clallam County is considered some of the most scenic in the country. The county's Pacific coastline is comprised of rugged and windswept beaches, bays, terraces and deltas. The county's northern shore, though protected from extreme wind and weather by the Strait of Juan de Fuca, is topographically similar. Along the Bogachiel River in southwest Clallam County, thick jungles of evergreens and undergrowth form nontropical rain forests at the base of the Olympic Mountains.

Still in relative proximity to the coast, the terrain ascends rapidly as it reaches the Olympic Mountain range, which climbs to approximately 7,000 feet above sea level. Within this range lie Mount Carrie (6,995 feet) and Hurricane Ridge—the highest elevations in the county.

ECONOMIC HISTORY

Clallam is derived from the Indian term meaning strong or brave people. It was the name given to the county established in the Washington Territory on April 26, 1854. The new county was carved from what was then the northern portion of Jefferson County. The town of New Dungeness (now known as Dungeness) served as the county seat until 1890, when the seat was moved to Port Angeles.

Fishing and fur trading are believed to be the first industries in Clallam County. Long before the advent of white settlement, the Makah Indians hunted and fished around what is now Neah Bay. That which they could not use themselves was traded with the Columbia River Indians to the south and Northern or Kake Indians across the Strait. In fact, there is strong evidence that the Makahs also served as middle merchants in trade between the Columbia River and Northern Indians.

Fur trading by white settlers began in 1863 when the Hudson's Bay Company established headquarters at Freshwater Bay, an inlet centrally located on Clallam County's northern shore. Fur trading was soon established as the cornerstone of Clallam County's economy. More trappers followed and the fur trade flourished for a number of years before being nearly extinguished by excessive trapping.

By the 1890s, the packing and canning industry became a major provider of jobs in Clallam County. Though initially focused on salmon canning, it later expanded to include clams and clam nectar. Often overlooked, the industry is credited with easing area unemployment during the economic depression of that period.

Because of the region's proximity to water and forests, the influence of farming and agriculture also tends to be overlooked. Many early settlers to Clallam County were from the American Midwest and brought a long heritage of working the land. The soil-rich flatlands and rolling pastures interspersed between the marshy coast and rugged mountains provided a solid base for the industry whose principal products were potatoes, grains, butter, milk, beef, and pork.

Due to limited transportation during the early days (canoes only), all products were shipped to Victoria, B.C., which at that time was the only accessible market. Later, sloops and schooners transported shipments of goods around the Puget Sound as far as Seattle. By the 1870s, enough cattle had been introduced into the area to start the first commercial dairy in the Washington Territory. And by 1895, advanced irrigation was introduced to the Sequim Prairie.

Throughout the period, a young lumber and wood industry was emerging in Clallam County. Early on, it took a back seat to the fur trade. However, as trapping declined, the lumber and wood industry replaced it as the major source of manufacturing jobs and income in the county. Early loggers harvested only fir from forests that were also rich with hemlock, spruce, cedar and alder. Over time, however, all timber species were harvested.

It was upon the lumber and wood products, as well as the paper and allied products, industry that Clallam County built its economic base. Not surprisingly, the national recession of the early 1970s and inflation of the mid- to late-1970s hit those industries hard. The already bleak situation was compounded by two national recessions in the early 1980s.

Today, industries built around lumber, plywood, log exports, pulp and paper, and shakes and shingles continue to provide the majority of goods producing jobs in Clallam County. This is not surprising. The peninsula's climate and topography provide favorable growing conditions for forests which produce over 165 cubic feet of wood per acre per year. The markets for lumber and wood products, however, remain volatile. Invariably, factors such as interest rates, trading of the US dollar, and government policies will continue to affect the industry. Protection of endangered species, specifically the spotted owl, will also continue to impact activity.

Clallam County is also becoming a retirement center of some note. In recent years, the number of retirees coming to this area has risen dramatically. A comfortable climate, particularly around the Sequim area, coupled with a relatively low cost of living is proving to be very attractive to the elderly.

POPULATION

Population Trends

The population in Clallam County increased at a 2.5 percent annual rate from 1970 through 1996; the number of residents climbed from 34,770 to 65,000, an overall increase of 86.9 percent. At the same time, Washington State averaged a 1.9 percent increase per year for a total of 61.6 percent. *Figure 1* shows the population numbers since 1970 and *Figure 2* shows the county and the state population indexed to 1970=100. The growth in Clallam County was not steady. Rapid increases from 1970 to 1980 (4.0 percent per year) were followed by seven years of virtually no growth (0.3 percent per annum). By 1988, growth resumed; the 1988-96 increase averaged 2.3 percent in the county, just above the 2.2 percent increase for the state.

Population change is composed of two components, the natural change (births and deaths) and the migratory change (immigration and outmigration). The natural change component is normally only affected by large

socioeconomic changes (the Great Depression, with the lowest birth rate of the century, and after W.W.II, the baby boom with the highest birth rate of the century). It is the migratory component of population change that responds quickly to normal economic fluctuations.

From 1980 to 1990, Clallam County's population increased 2,343 from births and deaths and picked up another 2,420 through net migration. There were, however, 2,609 net migrants aged 55 or older. For those under 55, 189 more left than moved in. From 1990 to 1996, Clallam County experienced a sharp increase in net migration (8,775). The total population growth was 8,796 implying a net natural increase of just 21 persons in six years. This abnormal result serves to emphasize the elderly nature of the community. While the county remains attractive to retirees, migration data for seniors during the 1990-96 time period are not available.

Figure 1
Population Trend
Clallam County, 1970-1996
Source: Office of Financial Management

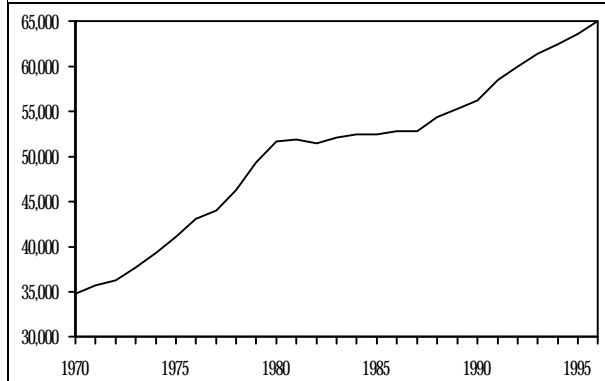
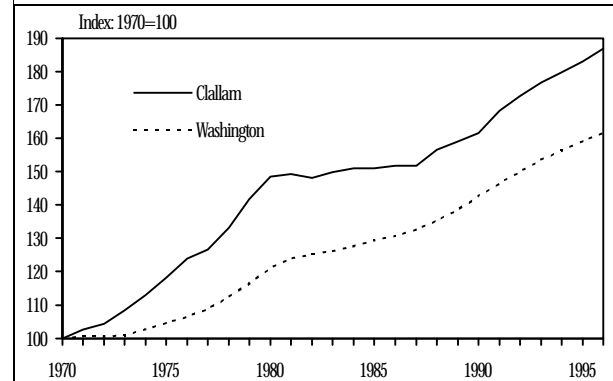


Figure 2
Population Trend
Clallam County & Washington, 1970-1996
Source: Office of Financial Management



Towns and Cities

There are three incorporated cities in Clallam County which, like most of the county's populated areas, are near

the coast. Easily the largest is Port Angeles; its 1996 population of 18,790 is more than one-fourth of the

county's population (see *Figure 3*). The other cities are Forks (population 3,390) and Sequim (population 4,290). Within Clallam County, 38,530 people reside in unincorporated areas and 26,470 live in incorporated areas. From 1990-1996 the population in unincorporated areas rose 20.3 percent; within the incorporated areas population increased 9.5 percent, with 3.3 percent growth due to city annexations.

There are four Native American Indian Reservations in Clallam County, of which two are on its western

shoreline. The largest is the Makah Indian Tribe at Neah Bay in the county's northwest corner (the smaller Ozette Indian Reservation on the county's central shoreline is also part of the Makah Tribe). There are also the Quileute Indian Tribe near La Push, the Elwha Indian Tribe near Port Angeles, and the Jamestown Indian Tribe near Sequim Bay. Not surprisingly, the Native American share (5.4 percent) of the 1995 county population far exceeds the state share (2.0 percent).

Figure 3
Population of Cities, Towns and County
April 1, 1990 to April 1, 1996
Source: Office of Financial Management

	1990	1991	1992	1993	1994	1995	1996
Clallam County	56,204	58,500	60,000	61,400	62,500	63,600	65,000
Unincorporated	32,039	33,550	34,790	35,725	36,700	37,491	38,530
Incorporated	24,165	24,950	25,210	25,675	25,800	26,109	26,470
Forks	2,838	3,280	3,310	3,335	3,355	3,369	3,390
Port Angeles	17,710	17,890	18,030	18,270	18,310	18,540	18,790
Sequim	3,617	3,780	3,870	4,070	4,135	4,200	4,290

Population by Age Groups

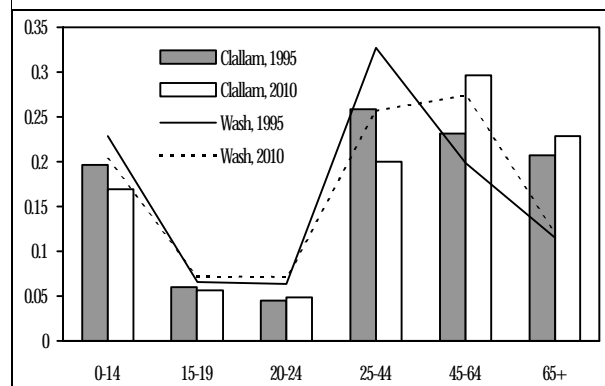
The Office of Financial Management has released projections of population change by age groups. Changes in each group's share of the general population have significance if we make the following assumptions about group characteristics:

- 0-14 - Infants or adolescents a decade or two removed from the labor force.
- 15-19 - Prospective new entrants in the labor force, less college students.
- 20-24 - New entrants into the labor force.
- 25-44 - Workers in their prime years of work productivity.
- 45-64 - Mature workers with years of accumulated skills and experience.
- 65+ - Retirees.

Figure 4 provides an excellent tool for comparing the Clallam County population with that of Washington State in 1995 and 2010. For Clallam County, as in the state as a whole, the population will be getting older. In general,

younger residents are losing share size to older residents. In 1996, those under age 45 accounted for 56.1

Figure 4
Population by Age Groups
Clallam County & Washington, 1995 & 2010
Source: Office of Financial Management



percent of the population while those 45 and older accounted for 43.9 percent. By 2010, if the projections hold, the younger group's population share will fall to 47.5 percent and the older's will rise to 52.5 percent.

Figure 4 shows that the trends over the fifteen year period are expected to be the same for the state and the county: a decreasing share of the population for youth (0-14) and prime-age workers (25-44); a strong gain in share of mature workers (45-64) and minor changes in the other age categories.

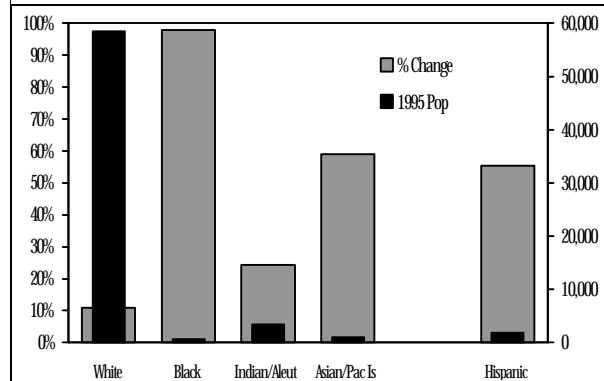
Still, Clallam County and the state differ significantly in age composition. Clallam has a much older population which shows most clearly in the comparison of the over 65 population. It also is clear that Clallam has a lower composition of young and middle-aged workers (20-44) even before the projected drop in share. The result: from 1995 to 2010, the median age in Clallam County is expected to rise from 41 to 47 years old while the state median age will rise from 34 to 37 years old.

Race and Ethnicity

Between 1990 and 1995, Clallam County's racial composition has followed the trend seen in the state and the nation: a decrease in the proportion of the white population and an increase in the proportion of the nonwhite population. Although the county is overwhelmingly white, the white population only grew 11.0 percent from 1990 to 1995 while the nonwhite population grew 36.7 percent. The white share of total population fell from 93.4 percent to 92.0 percent. All other racial groups increased their share size. Blacks increased by nearly 98 percent; Native Americans grew by 24 percent; and Asian/Pacific Islanders increased by 59 percent. The number of those of Hispanic origin swelled by 55 percent (Hispanic origin is not a race; its members can be of any race).

Figure 5 shows each group's population in 1995 and each group's growth rate during the 1990-1995 period.

Figure 5
1995 Population & 1990-95 Percent Change
Clallam County
Source: Office of Financial Management



CIVILIAN LABOR FORCE

The resident civilian labor force is defined as all persons 16 years of age and older in a specified geographic area who are either working or actively seeking work. This excludes those serving in the armed forces. Like the general population, the labor force can be seen as a key economic indicator. Patterns of growth and

decline in the county's labor force are largely driven by economic cycles as well as activity in the local industry sectors. Since gross domestic product and gross state product are not gathered at the county level, labor force changes, as well as other measures, serve as proxies of economic performance.

Trend

Clallam County's resident civilian labor force grew at varying rates from 1970 through 1995 to reach its 23,520-person total (see Figure 6). From 1970 to 1979, the labor force saw consistent growth, averaging 5.1 percent per annum. During and immediately after the two recessions of the early 1980s the labor force fell, with an average decline of 0.3 percent per year from 1979 to 1984. In the mid- to late-1980s, growth returned (averaging 3.3 percent annually from 1984 to 1989).

The labor force has steadied, even declining somewhat since 1989. This decline in growth was initially attributed to the recession of 1990-91. Indeed, the recession undoubtedly played a part in the lower growth rates. However, other forces were also at work. The halt to consistent growth in the labor force despite a gain in population of 8,300 in the 1989-1995 period is yet another piece of evidence that those moving to the region are retirees who have left the labor force. Figure 7

combines the civilian labor force data with the population data to emphasize the shift that took place in 1989.

Figure 7
Population and Civilian Labor Force
Clallam County, 1970-1995
Source: Employment Security Department

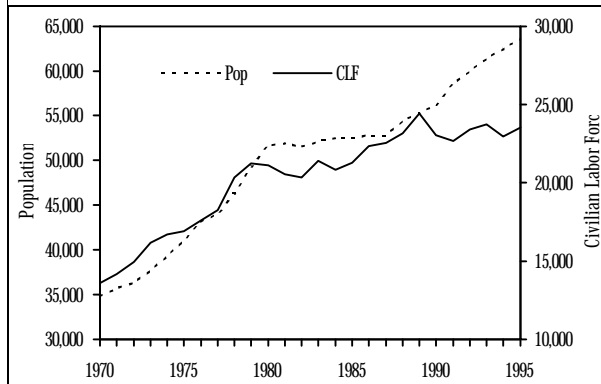


Figure 6
Civilian Labor Force
Clallam County, 1970-1995
Source: Employment Security Department

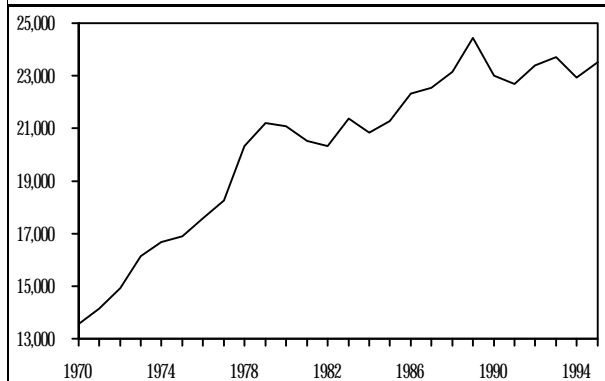
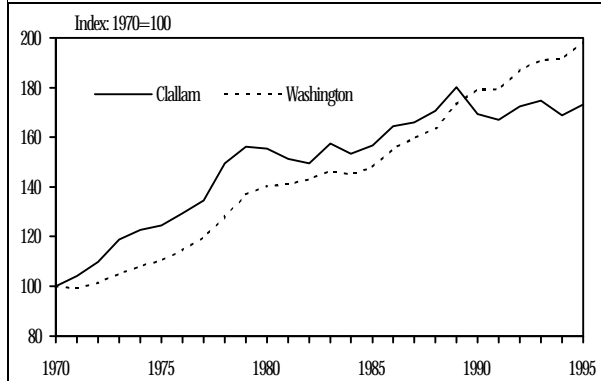


Figure 8
Civilian Labor Force
Clallam County & Washington, 1970-1995
Source: Employment Security Department



Overall, the labor force grew in size by 73.2 percent during the 1970-95 period, with an annualized rate of growth of 2.2 percent. During the same time, Washington's labor force grew 98.4 percent at a rate of 2.8 percent per year. The disparity between state and county

rates is in large part a result of the decline in Clallam County labor force growth since 1989. *Figure 8* on the previous page demonstrates the change in the labor force for the state and Clallam County.

Demographics

Demographic data on the civilian labor force are prepared in a fashion that combines race and ethnicity so that minority characteristics can be counted. Unlike Census data on the general population, those of Hispanic origin are not counted in their racial groups.

In 1995 (the latest available demographic data), the Clallam County labor force was overwhelmingly white (90.9 percent) and predominantly male (55.9 percent). Native Americans accounted for 4.7 of the labor force while Asians/Pacific Islanders accounted for 1.8 percent and blacks for 0.6 percent of the labor force. Those of Hispanic origin accounted for just 2.0 percent of the labor force.

Of the whites, 55.9 percent were male and 44.1 percent were female; of Native Americans, 60.0 percent were male and 40.0 percent were female; of Asian/Pacific Islanders, 50.0 percent were male and 50.0 percent were

Figure 9
Labor Force by Sex & Minority Status
Clallam County, 1995
Source: Bureau of the Census

	Labor Force
Total	23,520
White	21,390
Black	140
Native American	1,100
Asian & Pacific Isl	420
Hispanic	480

female; and of blacks, 35.7 percent were male and 64.3 percent were female. Those of Hispanic origin were 56.3 percent male and 43.8 percent female.

UNEMPLOYMENT

The civilian labor force consists of both those who are working and those without a job who are looking for work. The unemployment rate is the percentage of the total labor force who are not working but who are actively looking for work. The unemployed do not include retirees, persons in institutions (including students), or those who have come to be known as "discouraged workers," i.e., persons who would like to work but who are not actively searching for a job. None

of these groups of people are included in the unemployment figures because they are not looking for work.

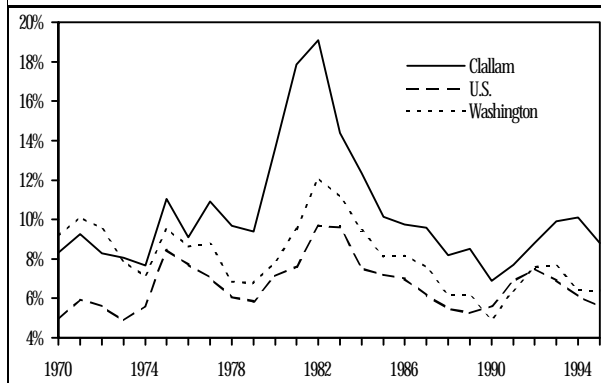
At the national level, the unemployment rate is determined by a monthly survey of households. At the local level, the state's portion of this household survey is integrated with other information (e.g., unemployment insurance claims and surveys of business establishments) to produce unemployment rates at the state and county level.

Trend

The unemployment rate in Clallam County has consistently stayed above the state average since 1973. During the 1970s, the county's rate peaked at 11.1 percent when the recession hit in 1975. It receded somewhat through 1979 but then leaped to 13.6 percent in 1980, more than four points higher than the previous year. This jump increased to 17.9 percent, another four points, in 1981, and then to 19.1 percent the next year. The rate fell quickly from these highs and has generally been decreasing ever since. In 1990, it hit its lowest point of the last two decades, 6.9 percent, but went up to 8.0 percent in 1991 under the influence of the most recent recession. The recession of 1970-71, known locally as the *Boeing Bust*, and the *Oil Embargo* recession of 1974-75 did not hurt the county nearly as badly as did the double-dip recessions of the early 1980s, which extracted a high toll from the lumber and wood products industry.

Since the low point in 1990, unemployment rose about a percentage point a year through 1993. It inched up in 1994 to 10.1 percent (from 9.9 percent the previous year) but in 1995 it fell more than a full point to 8.8 percent. Preliminary figures for 1996 point to an

Figure 10
Unemployment Rate
Clallam County, Washington, U.S., 1970-1995
Source: Employment Security Department



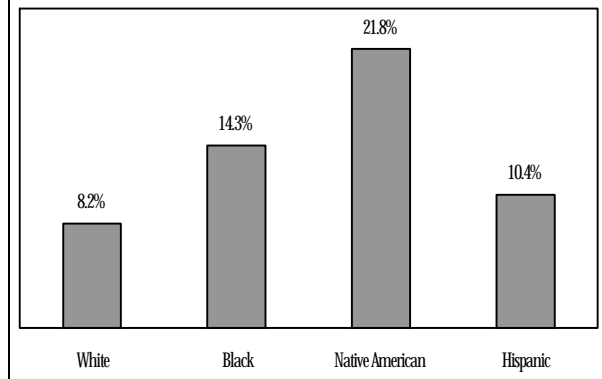
other increase, a half-point to about 9.3 percent. In October of 1996, Rayonier Incorporated announced the closure of their Port Angeles pulp mill in March of 1997. This will exacerbate the unemployment problem in Clallam County: the loss of the 360 jobs there could well push the rate into double digits again.

Demographics

In 1995, when the county's unemployment rate was 8.8 percent, joblessness among whites, by far the largest racial group in the county, was 8.2 percent. The second largest race, American Indians, had an astounding 21.8 percent jobless level, equating to 240 people looking for work. This is a depression-era figure. The bulk of Native Americans live in or around the county's four Indian reservations, all of which are somewhat remote from population centers, and employment opportunities are rare in those areas. Blacks in the labor force had a 14.3 percent unemployment rate. The rate for Asians and Pacific Islanders was not computed: there were fewer than 10 unemployed. Those of Hispanic origin were unemployed at a 10.4 percent rate.

Figure 11
Unemployment by Race & Hispanic Origin
Clallam County, 1995

Source: Employment Security Department



Unemployment Insurance Claims

The Employment Security Department collects data on claims for unemployment insurance (UI) benefits. *Figure 12* on the next page shows the number of UI claims filed in Clallam County, sorted by major occupational groups, and compares that to claims filed throughout the state. Claims filed from July of 1994 through June of 1995 are shown.

The three groups with the largest number of claims amount to about half of all claims in the county. Structural work, which includes construction, has a high level in the county and in the state. Construction jobs are project-dependent and seasonal, so usually have a high level of UI claims even though the occupation's share of total jobs is not high. Professional and technical jobs have a high claim-rate in both Clallam County and statewide

simply because their share of total jobs is quite high. Service occupations have an unusually high claim-rate in Clallam County compared to statewide figures. Over 17 percent of the county's claims came from this group, compared to 10.5 percent for the state. The higher claim-rate stems from the county's proportionally higher number of service jobs. Much of this can be attributed to the higher demand for services in the burgeoning retirement communities of the area.

A rough division of occupations into white-collar and blue-collar shows that while white-collar jobs comprise the great majority of the county's occupations (about 70 percent), they generate only about 27 percent of the UI claims. Blue-collar occupations almost always have higher UI claim-rates.

Figure 12**Unemployment Insurance Claimants****Clallam County and Washington State, July 1, 1994 - June 30, 1995****Source: Employment Security Department**

	Clallam County		Washington State	
	Claimants	Percentage	Claimants	Percentage
Service	857	17.4%	40,261	10.5%
Structural Work	850	17.3%	63,681	16.6%
Professional, Technical, & Managerial	697	14.2%	63,299	16.5%
Clerical	539	11.0%	49,169	12.8%
Motor Freight & Transportation	416	8.5%	16,712	4.4%
Packaging & Material Handling	346	7.0%	29,372	7.7%
Machine Trades	325	6.6%	21,141	5.5%
Agriculture, Forestry & Fishing	290	5.9%	27,875	7.3%
Sales	226	4.6%	19,707	5.1%
Miscellaneous, NEC	144	2.9%	23,189	6.1%
Processing	143	2.9%	17,408	4.5%
Benchwork	86	1.7%	11,354	3.0%
Total	4,919	100.0%	383,168	100.0%
White-Collar*	1,423	30.3%	104,430	27.3%
Blue-Collar*	3,270	69.7%	259,031	71.3%
<i>*Miscellaneous/NEC occupations excluded</i>				

INDUSTRIES, EMPLOYMENT, AND WAGES

Data in this section are derived through two different Bureau of Labor Statistics programs which are conducted in Washington by the Employment Security Department. The first, called CES (Current Employment Statistics), generates monthly nonagricultural employment figures; the second, the Quarterly Employment and

Wages program (ES-202), includes data on both agricultural and nonagricultural employment covered under the state unemployment insurance program. All wage data and agricultural employment data in this section stem from the Employment and Wages program; other employment information comes from the CES program.

Trend

Over the last quarter-century, nonfarm employment in Clallam County has almost doubled (93 percent growth). The number of jobs went from 9,980 in 1970 to 19,290 in 1995, averaging 2.7 percent annual growth. As the chart (*Figure 13*) shows, though, growth has not been smooth. The national recession of 1974-75 stopped growth and the "double-dip" recessions of the early 1980s caused a severe decline in the total number of jobs. A total of almost 2,000 jobs were lost in 1980, 1981, and 1982. Relatively strong growth occurred from 1983 through 1990 when another national recession struck. Since the 1990-91 recession, growth has been slow and recovery has not occurred at the rate it did in earlier post-recession periods. *Figure 14* indexes employment to 1970=100 for Clallam County and Washington. The

growth rate for Washington since 1990 has been greater than in the county, which had kept up with the state's growth throughout most of the 1980s.

The slower growth in Clallam County's economy since 1990 has primarily been caused by employment declines in the manufacturing sector. *Figure 15* on the next page shows annual growth rates for total employment and what the overall growth rate would have been if manufacturing were excluded from the calculations. So, instead of a reasonably moderate annualized growth rate of 2.3 percent, the overall annualized rate was a weak 1.2 percent. Although good growth in government, services, and trade have mitigated the losses in manufacturing, the impact of manufacturing's decline is strong.

Figure 13
Nonagricultural Wage & Salary Employment
Clallam County, 1970-1995
Source: Employment Security Department

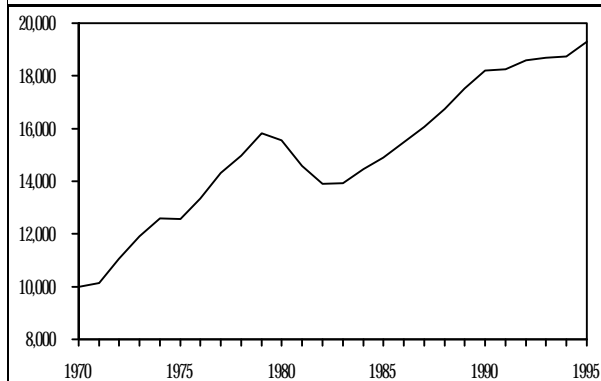


Figure 14
Nonagricultural Wage & Salary Employment
Clallam County & Washington, 1970-1995
Source: Employment Security Department

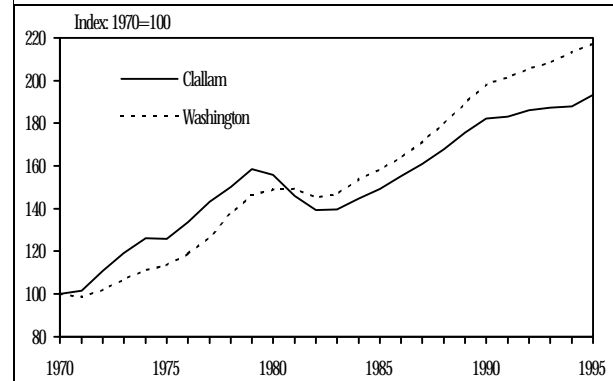
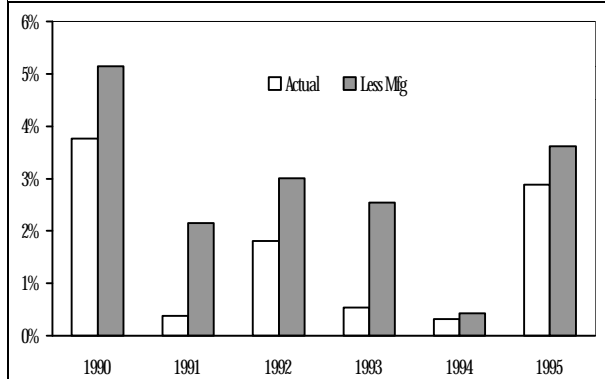


Figure 15
Annual Growth Rates
Clallam County, 1990-1995
Source: Employment Security Department



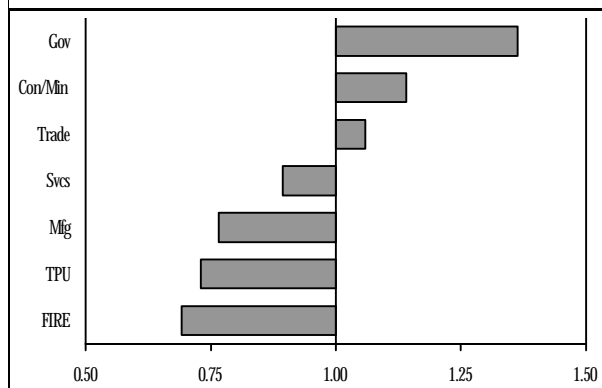
Location Quotient

When comparing Clallam County's shares of industry employment to Washington State's shares, it's apparent that county employment is distributed differently than state employment. The *location quotient* compares the share of total employment in a particular industry division in Clallam County with the share it represents in Washington State.

The quotient is determined by dividing the share of state employment into the share of Clallam County employment of the same industry or sector. A quotient of 1.0 denotes an industry in which the county is typical to the state as a whole; a value above 1.0 shows an industry over-represented in the county; and a value below 1.0 marks an industry with less than average employment in the county.

A quotient above 1.0 suggests that the good or service produced by an industry is exported from the area; a quotient below 1.0 is a sign that, hypothetically, goods or services must be imported into an area to provide the same consumption patterns found at the state level. The greater the value above or below 1.0, the stronger the suggestion of exporting or importing

Figure 16
Major Industry Location Quotients
Clallam County, 1995
Source: Employment Security Department



becomes. The major industry sectors shown in *Figure 16* indicate that employment in trade, construction, and particularly government is over-represented when compared to the state. All other sectors are under-represented, meaning some import of goods or services from outside the county.

Annual Average Wage

Annual average covered wages are based on the total of wages and salaries covered by the unemployment insurance program, divided by the annual average num-

ber of employees. (Covered employment constitutes about 90 percent of the state's workers.) The annual average wages do not include any income other than

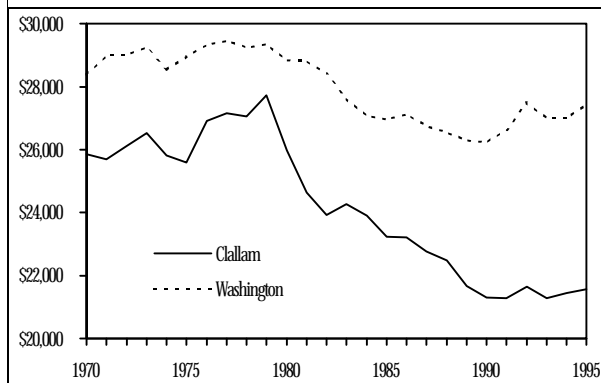
wages and salaries (i.e., interest, dividends, rental incomes, etc., are not included). Annual average employment does not distinguish between part-time and full-time work. Consequently, some industries that have high levels of part-time work will have what seems to be an unrealistically low average wage. This wage does not necessarily reflect that of a full-time worker.

After a decade-long decline (in real dollars), the average wage has begun to increase recently. It bottomed out in 1991 at \$21,282, bounced up, then down, and then moved up slightly in both 1994 and 1995 (see *Figure 17*). This movement fairly closely parallels the statewide changes, only at a lesser level. The average in 1995 was \$21,552 in Clallam County, significantly less than the \$27,448 that was paid on a statewide basis. But in neither the county nor the state has the wage come close to the highs that were enjoyed in the mid- to late-1970s.

Annual average covered wages based on total wages and salaries for 1995 were used to compare earnings in comparable Clallam County and Washington State industries at the two-digit level of the Standard Industrial Classification (SIC) code (see *Figure 18 on the next page*). The estimates should be used for general comparisons only; suppressed industries, part-time workers, and executive salaries can exaggerate wage disparities between comparable industries.

Clallam County's average wage of \$21,552 in 1995 was 21 percent less than the statewide average wage. By major sector, the lowest average wages were found in

Figure 17
Annual Average Covered Wage
Clallam County & Washington, 1970-1995
Source: Employment Security Department



trade (\$14,742) and services (\$16,190). Except for government, these two were the largest employing sectors in the county. The highest annual wage, \$33,574, was paid to manufacturing workers. The government sector, the second largest in the county, had an annual average wage of \$28,074. Agriculture, forestry, and fishing's average wage was \$17,616, 129 percent of the state's. Relatively few workers in crop production combined with a relatively large share of workers in the highly paid fishing industry sent the sector's average well above the statewide average. Wages in construction and mining, transportation and utilities, and finance, insurance, and real estate were all well below the statewide averages for those sectors.

Agriculture, Forestry, and Fishing

This sector is quite small in Clallam County: its total covered employment was around 280 workers in 1995. This amounts to 1.5 percent of the county's employment whereas the same sector, statewide, accounts for almost 4 percent of the total. Small levels of employment are scattered among a number of different industries, none of which employs over 50 workers. The larger industries (between 25 and 50 employees) are veterinarian services, fish hatcheries, lawn and garden services, and dairy farms.

The annual average wage for the sector (\$17,616 in 1995) is higher than the sector's wage statewide (\$14,527). Unlike Clallam County, Washington's agricultural sector is dominated by crop production workers, who are paid a relatively low wage that brings down the sector's average. Clallam County's wage is propped up by relatively high paid workers in the fish industry, be it as fish hatchery employees or as commercial fishermen, and by those managing timber tracts.

Figure 18
Annual Average Covered Wages, 1995
Clallam County and Washington State
Source: Employment Security Department

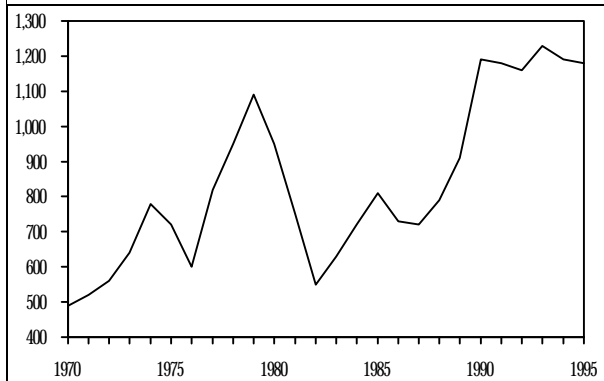
	Clallam	State		Clallam	State
<i>Total</i>	\$21,552	\$27,448	General Merchandise Stores	\$17,425	\$17,611
<i>Agriculture & Forestry</i>	\$17,616	\$14,527	Food Stores	\$16,616	\$17,633
Agricultural Production- Crops	\$10,361	\$10,955	Auto Dealers & Service Stations	\$19,137	\$25,251
Agricultural Services	\$11,840	\$15,667	Apparel & Accessory Stores	\$10,007	\$17,505
Fishing, Hunting, Trapping	\$24,792	\$56,290	Furniture & Home Furnishings	\$17,321	\$20,991
<i>Construction & Mining</i>	\$22,269	\$29,865	Eating & Drinking Establishments	\$8,275	\$9,677
General Building Contractors	\$19,316	\$28,340	Miscellaneous Retail	\$14,434	\$15,306
Heavy Construction Contractors	\$31,595	\$37,303	<i>Finance, Insurance & Real Estate</i>	\$20,633	\$32,149
Special Trade Contractors	\$20,257	\$28,153	Depository Institutions	\$22,852	\$29,642
<i>Manufacturing</i>	\$33,574	\$37,447	Insurance Carriers	\$25,120	\$37,896
Food & Kindred Products	\$21,140	\$28,327	Insurance Agents, Brokers & Services	\$16,267	\$34,585
Lumber & Wood Products	\$28,614	\$31,681	Real Estate	\$11,417	\$19,797
Paper & Allied Products	\$48,151	\$45,528	<i>Services</i>	\$16,190	\$25,839
Printing & Publishing	\$16,595	\$27,963	Hotels & other Lodging Places	\$8,945	\$13,595
Stone, Clay, Glass, Concrete	\$32,613	\$30,313	Personal Services	\$11,000	\$14,326
Misc. Manufacturing Industries	\$18,246	\$25,269	Business Services	\$14,131	\$34,653
<i>Transportation & Public Utilities</i>	\$24,741	\$34,876	Auto Repair, Services, & Garages	\$17,825	\$21,052
Local & Interurban Passenger Transit	\$14,867	\$16,522	Miscellaneous Repair Services	\$17,356	\$24,773
Trucking & Warehousing	\$25,740	\$26,345	Motion Pictures	\$6,616	\$12,722
Water Transportation	\$28,834	\$45,288	Amusement & Recreation Services	\$16,237	\$16,145
Transportation by Air	\$23,244	\$35,461	Health Services	\$17,658	\$27,415
Transportation Services	\$15,736	\$27,254	Legal Services	\$23,169	\$35,269
Communication	\$34,032	\$46,051	Social Services	\$14,115	\$14,227
Electric, Gas, & Sanitary Services	\$14,938	\$43,399	Membership Organizations	\$18,668	\$18,223
<i>Trade</i>	\$14,742	\$19,826	Engineer, Account, Resch & Mgmt	\$26,882	\$39,792
<i>Wholesale</i>	\$23,396	\$33,094	Private Households	\$7,284	\$8,667
Wholesale Trade - Durable Goods	\$27,867	\$35,698	<i>Government</i>	\$28,074	\$30,833
Wholesale Trade - Nondurable Goods	\$20,010	\$29,964	Federal	\$29,585	\$37,018
<i>Retail</i>	\$13,459	\$15,546	State	\$28,942	\$31,298
Building Materials & Garden Supplies	\$17,398	\$21,378	Local	\$27,507	\$28,848

Construction and Mining

Although mining employment is included in this sector, it accounts for only 3 percent of the sector's employment, most of that concentrated in sand and gravel mining. Only construction will be addressed in this discussion.

Employment in construction is volatile (*see Figure 19 on the next page*). Over the last quarter-century, its employment level has had abrupt contraction and expansions prompted by the general economic climate or by specific, large projects. The number of jobs almost doubled from 1976 to 1979, going from 600 to 1,090.

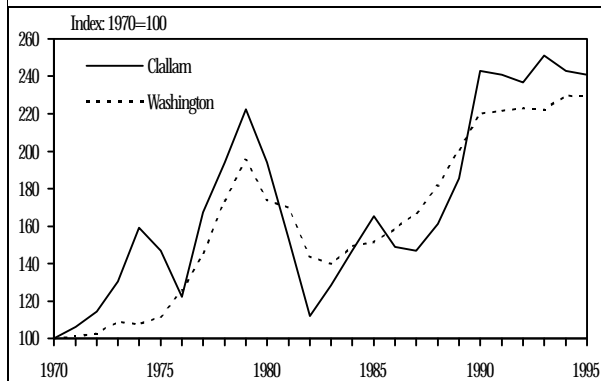
Figure 19
Construction Employment
Clallam County, 1970-1995
Source: Employment Security Department



Just as quickly, from 1979 to 1982, the number fell to 550, the lowest level since 1971. Growth was rapid through the rest of the 1980s but then was halted by the 1990-91 national recession and has been relatively flat since. The number of jobs in 1995 was 1,180. *Figure 20* indexes construction employment in Clallam County and Washington State to 1970=100, showing the two growth rates since 1970. As is apparent, both follow the same pattern. Construction is very much tied to the general economic trends of the state (and of the nation).

Employment Security Department analysts anticipate that sector employment will show growth from 1996 to 2001, but it will be relatively modest. Employment in 1996 is estimated at 920; it is expected to increase to 1,000 in 2001. This is an overall increase of 8.7 percent

Figure 20
Construction Employment
Clallam County & Washington, 1970-1995
Source: Employment Security Department



and a 1.7 percent annualized growth rate. The annualized rate from 1990-95 was a negative 0.2 percent.

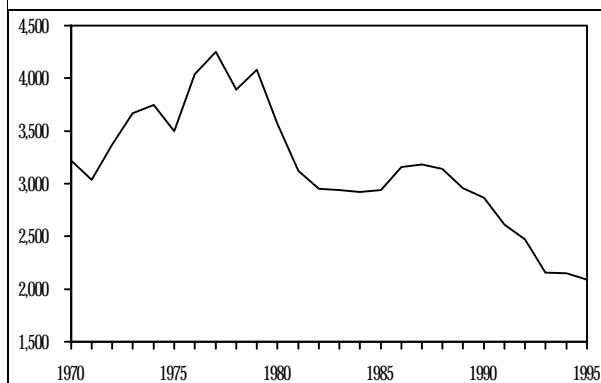
Construction is divided into three industries: general building, heavy construction, and special trades. Heavy construction, primarily associated with roadwork, has the fewest employees but the highest average wage. In 1995, annual average covered employment was 154 workers who were paid an average wage of \$31,595. General building employment, in Clallam County, is mainly concerned with single-family housing. It employed about 250 workers with an average wage of \$19,316. Special trades includes carpenters, electricians, plumbers, etc. It had the highest level of employment (almost 400) and paid an average wage of \$20,257.

Manufacturing

In terms of employment, manufacturing has been declining sharply since 1977 (*see Figure 21*). The sector, which once accounted for one out of every three jobs in the county (1970), now employs only 2,090 workers out of a total of 19,290 (1995). The great majority of manufacturing jobs in Clallam County are related to forest products (about 75 percent is in lumber and wood products or paper products) and it has been these industries that have declined so dramatically over the last 20 years. And the decline is continuing. The Port Angeles pulp mill, owned by Rayonier Incorporated, closed in March of 1997, eliminating about 365 jobs.

The decline has several causes. Overall restructuring and modernization in the industry following the 1974-75

Figure 21
Manufacturing Employment
Clallam County, 1970-1995
Source: Employment Security Department



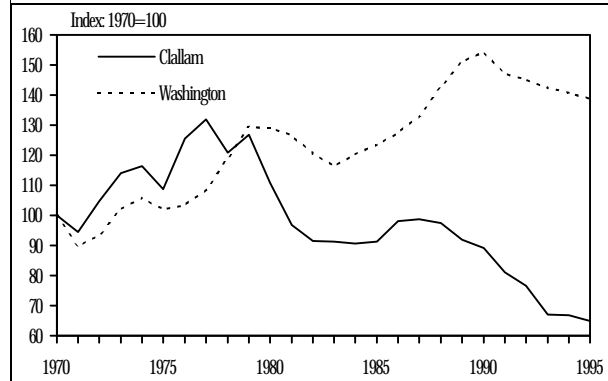
national recession cost jobs. Restrictions on logging to protect endangered species has cost jobs. Increased competition from other areas, i.e., the southeastern U.S. and Canada, has cost jobs. The closure of Port Angeles' pulp mill is a case in point. When faced by a required capital investment of \$40 million to comply with air and water quality regulations, the owners decided against keeping the mill open. However, the plant had been losing money for years and this undoubtedly made the decision easier.

Statewide, manufacturing, in general, has shown growth. *Figure 22* shows employment indexed to 1970=100 in the county and the state. In both areas, the "double-dip" recessions of the 1980s sent employment into a tailspin. The statewide sector, however, recovered and exhibited good growth throughout the rest of the 1980s.

From an employment perspective, the damage caused by manufacturing's slump in Clallam County is the loss of a large number of well-paying jobs. The average wage in the sector in 1995 was \$33,574, significantly higher than the county's overall average of \$21,552. While increases in trade and services employment have offset the losses in manufacturing so that the county's overall employment base continues to grow, there is a vast difference between jobs that pay at or near the minimum wage and jobs that pay triple that with good benefits. Further, the timber industry has traditionally been one of the few industries in the area where a worker without a college education could find a job that pays well enough to sustain a family.

As mentioned earlier, manufacturing employment in Clallam County is primarily found in two industries: lumber and wood products (including logging, sawmills,

Figure 22
Manufacturing Employment
Clallam County & Washington, 1970-1995
Source: Employment Security Department



and planing mills) and paper and allied products (including pulp mills and paper mills). The former employed 816 workers in 1995 and paid them an average of \$28,614; the latter employed 687 and paid an average wage of \$48,151. (However, employment in paper and allied products will be almost halved with the closure of the Rayonier pulp mill.) There is also a fair amount of employment in printing and publishing (241 workers), mostly in newspaper related jobs.

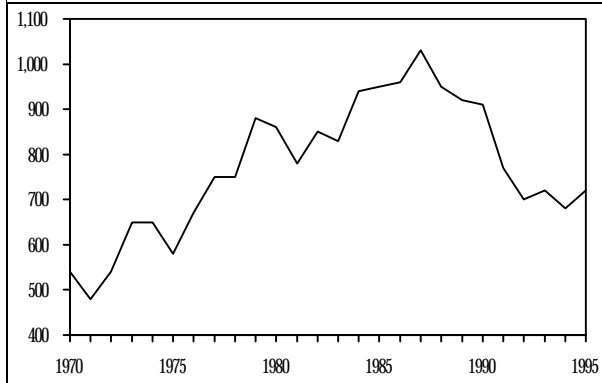
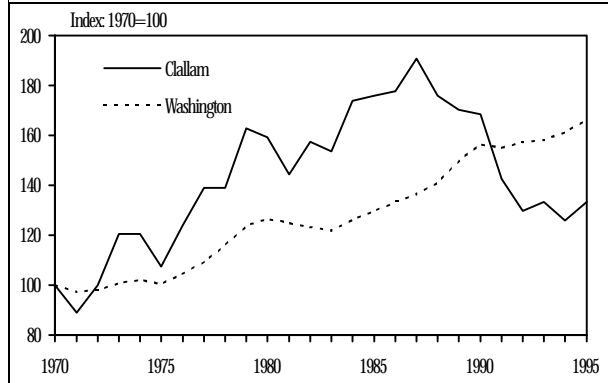
Although the manufacturing sector has seen hard times, projections for the next five years are not so bleak. While growth will be slight, further declines are not seen. Over the next five years, the number of jobs is expected to grow by 1.5 percent. While that amounts to only 30 new jobs, it certainly is an improvement over the recent history. 1996 employment is estimated to be 2,050 and 2001 employment is projected to be 2,080.

Transportation and Public Utilities (TPU)

This is a relatively small sector (a 4 percent share of nonfarm jobs) but it includes trucking and warehousing, water transportation, and utilities such as gas and electric services and communications (television, radio, cable, telephone, etc.). Most of the industries in the sector have shown some decline since the late 1980s, including the largest one, trucking and warehousing. *Figure 23* on the next page shows employment since 1970 and *Figure 24* indexes that employment and compares it with Washington State. The growth rate for TPU in the county outpaced the state for most of the period shown and had

an annualized growth rate of almost 4 percent through 1987. Since then, employment has fallen off, much of the decline associated with trucking and warehousing which lost 100 jobs since 1990.

In 1995, trucking and warehousing employed about 300 workers who were paid an average wage of \$25,740. This industry accounted for 43 percent of TPU covered employment. There were about 100 workers in both the communications and the water transportation industries. Communications workers averaged \$34,032 per year; water transportation, \$28,834.

Figure 23**Transportation & Public Utilities Employment
Clallam County, 1970-1995****Source: Employment Security Department****Figure 24****Transportation & Public Utilities Employment
Clallam County & Washington, 1970-1995****Source: Employment Security Department**

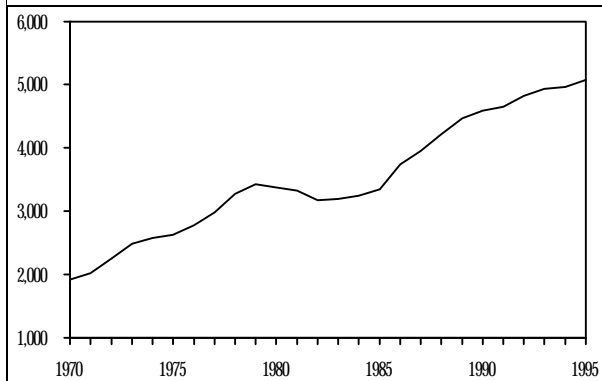
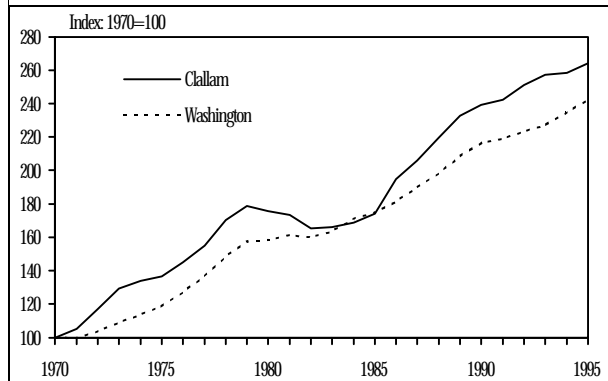
Trade

Trade is the largest sector in Clallam County. In 1995, it employed 5,070 workers and had a 26 percent share of nonfarm employment. Over the last quarter-century, it has averaged 4 percent growth per year, a remarkably high growth rate, even greater than that experienced statewide. Since 1970, the number of jobs in the sector has increased 164 percent, i.e., 3,150 new jobs. *Figures 25 and 26* show trade employment since 1970. Since the employment drop caused by the recessions of the early 1980s, trade has grown every year.

More recently, however, the growth rate has fallen off. From 1990 to 1995, the annualized average increase has been only 2.0 percent. The 1990-91 national recession,

though quite mild in many respects, did have the effect of slowing growth some. Since then, trade employment has not accelerated as sharply as in the past.

Growth in trade has alleviated some of the county's employment problems by providing employment to over one-fourth of the county's workers. The problem, though, is that industry wages are relatively low. In 1995, the average annual wage for the trade sector was \$14,742, the lowest of any sector in Clallam County. (It should be pointed out, though, that the trade sector has substantial amounts of part-time employment which lowers the average.)

Figure 25**Trade Employment
Clallam County, 1970-1995****Source: Employment Security Department****Figure 26****Trade Employment
Clallam County & Washington, 1970-1995****Source: Employment Security Department**

Another reason for the low wage is that the largest part of trade employment (87 percent) is in retail rather than wholesale trade, which pays a higher wage. In 1995, wholesale trade paid an average of \$23,396 while retail paid \$13,459. The 13 percent share of covered employment that wholesale trade has in the county is small compared to the 24 percent share found in the statewide trade sector.

The largest industry in the trade sector is eating and drinking establishments. Restaurants, fast food establishments, bars, and taverns employed about 1,700

workers in 1995: two-fifths of all retail trade employment. This industry is rife with part-time work, and base wages are relatively low. The industry pays an average of \$8,275 per year to each employee. (Tips are not counted in the average wage computation—only payments from the employer to the employee are counted.)

Several other industries had significant levels of employment. Food stores employed about 860 workers; auto dealers and service stations, 460; general merchandise stores, 400; and wholesale trade of nondurable goods, 360.

Finance, Insurance, and Real Estate (FIRE)

Except for the stagnant five-year period associated with the “double-dip” recessions of the early 1980s, moderate and consistent employment growth has been the trend of the FIRE sector (*see Figures 27 and 28*). Employment more than doubled over the last 25 years, going from 290 in 1970 to 690 in 1995, a 138 percent increase. This growth rate, 3.5 percent annually, outpaced the statewide FIRE sector. As a share of nonfarm jobs, though, Clallam County’s sector remains smaller than the same sector statewide (3.6 percent versus 5.2 percent). Headquartered units of financial and insurance firms tend to concentrate in more densely populated areas, i.e., Seattle and the Puget Sound area, generating higher levels of employment. The average

wage for covered employment in the sector was \$20,633 in 1995.

Most employment in the sector (51 percent) is in depository institutions. This includes national and state banks, credit unions, mortgage companies, etc. On average, these institutions paid an annual wage of \$22,852. Insurance related employment, including carriers, brokers, and agents, accounted for 23 percent of the sector’s workers. These workers averaged \$21,413 per year. Employment in real estate also accounted for 23 percent of the total. The average wage, though, because of a high level of part-time work and of commission-only pay status, was a relatively low \$11,417.

Figure 27
Finance, Insurance, Real Estate Employment
Clallam County, 1970-1995
Source: Employment Security Department

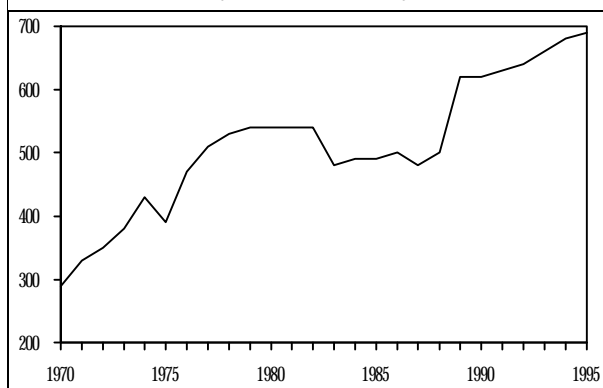
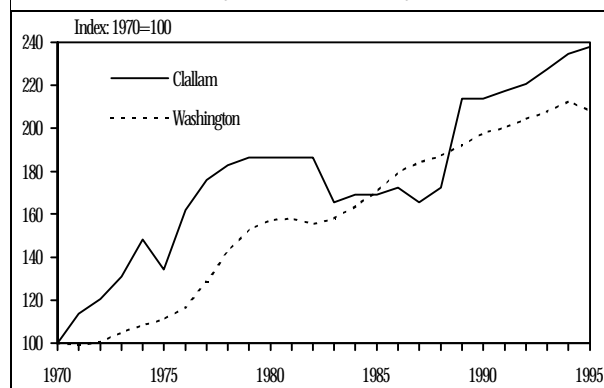


Figure 28
Finance, Insurance, Real Estate Employment
Clallam County & Washington, 1970-1995
Source: Employment Security Department



Services

The services sector encompasses a wide number of industries, ranging from hotels to auto repair to hospitals to law offices. It is easily the fastest growing employment sector in the county, showing a 246 percent increase in jobs since 1970. The actual numbers went from 1,320 to 4,570 in the last twenty-five years. Growth has been particularly strong and consistent since 1987, averaging a 6.4 percent increase per year. The very sharp jump from 1994 to 1995 reflects the establishment of the 7 Cedars Casino in the county, which added over 300 jobs. *Figures 29 and 30* show changes in employment since 1970.

Like with the trade sector, the downside of the employment gains in the services sector is that the average wage is relatively low. In 1995, about 4,400 covered workers were paid an average of \$16,190, the lowest sector wage except for trade. Many industries in the services sector have high levels of part-time work.

The leading industry, in terms of employment, of the services sector is health care. More than one out of four services jobs are in the health industry. These 1,200 workers are employed at the offices of dentists and physicians, nursing care facilities, medical laboratories, etc. (Employment at Olympic Memorial Hospital in Port Angeles is in the government sector, so is not counted in the services sector.) The health care sector in Clallam County, when both public and private facilities are counted, is larger (proportionally) than it is statewide (10.3 percent versus 8.3 percent). In fact, Clallam County has the seventh highest ratio of health

care employment to total jobs of all counties. This stems from two causes: economies of scale cannot be easily obtained in less densely populated areas such as the county, and the county has a large retirement population who, because of age, require a greater level of health care services.

The average wage in health care was \$17,568 in 1995. This was only 64 percent of the statewide average in the industry. However, there are no private hospitals in Clallam County, which tend to have higher wages, and employment in the county's public hospital is not calculated into this average wage figure.

Surprisingly, the next largest industry in the services sector is membership organizations. While this category is normally quite small—its employment generally consists of paid workers for unions, fraternal organizations and other such entities—it is relatively large in Clallam County because it also includes Native American tribal administration and governance. Membership organizations employed almost 700 covered employees in 1995 and paid them an average wage of \$18,668.

Amusement and recreation services had a tremendous jump in employment from 1994 to 1995, making it the third largest industry in the services sector. That jump, as discussed earlier, came from the establishment of the 7 Cedars casino. Prior to that, the industry only had a handful of workers. Other larger industries include hotels and lodging places and social services.

Figure 29
Services Employment
Clallam County, 1970-1995
Source: Employment Security Department

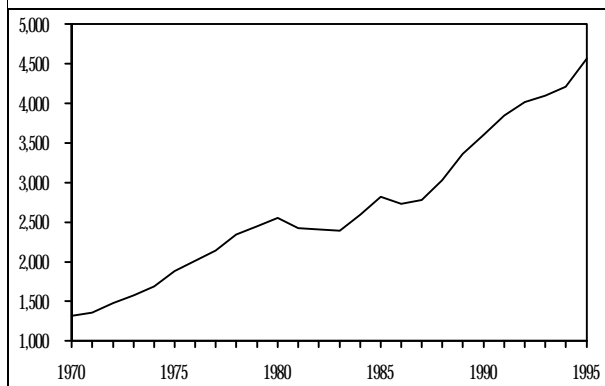
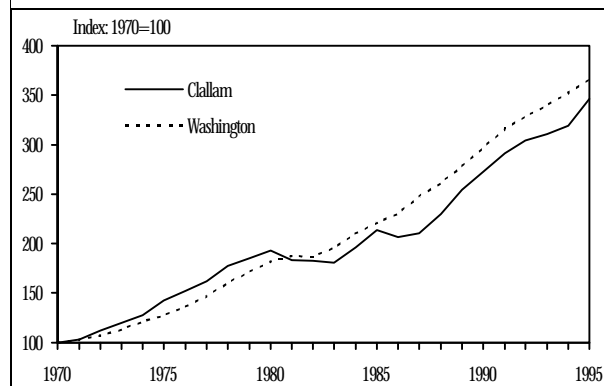


Figure 30
Services Employment
Clallam County & Washington, 1970-1995
Source: Employment Security Department



Government

Government, considering all its levels, is the second largest industry in Clallam County, very close to the trade sector in terms of total nonfarm employment. In 1995, the public sector accounted for 4,970 jobs, only one hundred fewer than found in the trade sector. Government jobs have grown by 126 percent since 1970, equating to a 3.3 percent annualized growth rate. *Figures 31 and 32* show the sector's employment numbers since 1970. As can be seen, government growth in Clallam County has outpaced statewide growth.

Looking at the three levels of government in Clallam County, it is apparent that the predominance of government employment stems from local government. Of all public employment, federal government accounts for 10 percent (17 percent statewide), state government for 25 percent (26 percent statewide), and local government for 65 percent (58 percent statewide). Overall, the average wage for government workers in the county was

\$28,074 in 1995, well above the county's all-sector average of \$21,552.

At the federal level, the largest employers in the county are the Postal Service and the U.S. Forest Service. Covered federal employment amounted to 490 workers in 1995 who were paid an average of \$29,585. State government employed about 1,250 workers who were paid \$28,942 each, on average. The main employers at the state government level are the corrections facility at Clallam Bay and Peninsula College, the Port Angeles based community college.

Local government is the largest level of government in the county. It employed 3,227 covered workers in 1995 and paid them an average of \$27,505. Close to 1,400 of the local government employees are employed by the K-12 educational system. Almost 800 workers are involved in the county's executive and legislative branches. Additionally, the Olympic Memorial Hospital employs close to 700 workers, all of whom are public employees.

Figure 31
Government Employment
Clallam County, 1970-1995
Source: Employment Security Department

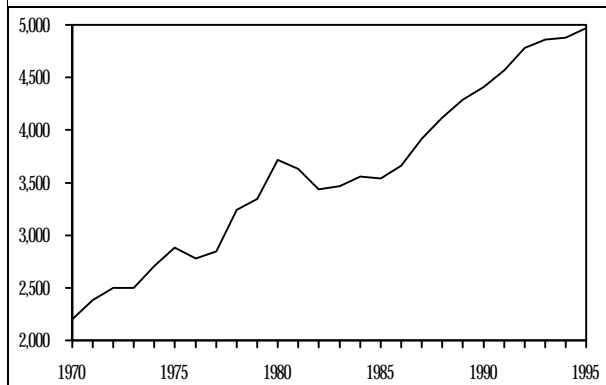
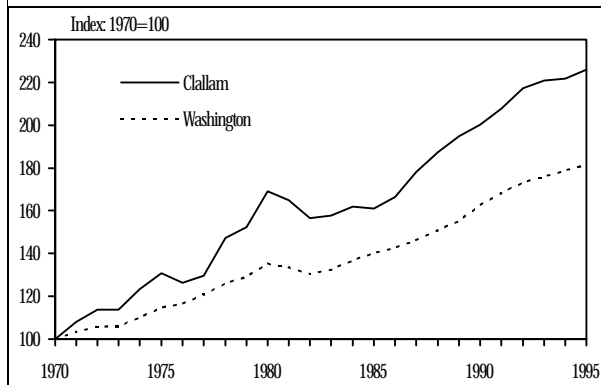


Figure 32
Government Employment
Clallam County & Washington, 1970-1995
Source: Employment Security Department



Industry Employment Forecasts

The forecasts of nonfarm industry employment for the period 1996-2001 have been made by Employment Security Department analysts. *Figure 33* on the next page shows estimated 1996 employment and projected 2001 employment by industry for Clallam County and compares it to statewide growth. Overall growth in the county will match statewide increases fairly closely. The big

difference will be much less manufacturing growth in the county than in the state. The biggest increases will be seen in the county's services sector, which will add over 1,000 jobs, about 40 percent of all new jobs. Services will surpass government in size, and become almost as large as the trade sector.

Figure 33
Nonfarm Industry Projections, 1996 and 2001
Clallam County and Washington State
Source: Employment Security Department

	Clallam County			Washington
	1996	2001	% Change	% Change
Total	19,850	22,310	12.4%	13.2%
Manufacturing	2,050	2,080	1.5%	7.3%
Construction	920	1,000	8.7%	8.2%
Transportation & Public Utilities	750	810	8.0%	8.2%
Trade	5,250	5,950	13.3%	12.9%
Finance, Insurance, & Real Estate	710	750	5.6%	9.1%
Services	4,920	5,940	20.7%	21.9%
Government	5,250	5,780	10.1%	9.5%

Tourism

Tourism, per se, is not an industry sector. However, it is a convenient grouping of a number of different industries from several sectors that constitutes a type of integrated whole centered around travelers coming to or going through the county. Given the ongoing decline in manufacturing jobs, employment in tourism related industries can serve as somewhat of an offset. Clallam County, with its often breath-taking scenery, has much to offer tourists. Given the potential for tourism in the county, it is important to know just what kinds of jobs will likely materialize.

Dean Runyan Associates prepared a report for the Department of Community, Trade and Economic Development entitled, *Travel Industry Employment in Washington State*, dated June 1996. It analyzes travel industry employment in the state—because it includes business as well as pleasure travel, the word travel is used in lieu of tourism—and provides a model for determining employment and wages for the travel/tourism industry at the county level.

The report selected standard industrial classifications (SIC) that can relate to travel and, based on a survey of Washington businesses, derived the percentage of employment in those industries that are generated from travel. To determine an actual hourly wage, the payroll for each industry was adjusted to a 40-hour week and then, in certain industries, adjusted for tips.

This methodology, when applied to Clallam County data, results in a relatively good picture of the labor

market characteristics of tourism and travel in the county. *Figure 34* shows the results. In 1995, there were about 1,100 jobs that were generated by the travel industry. They produced a payroll of \$13.5 million. After adjusting the total payroll to a 40-hour work week and including tip income results, the result is an average hourly wage of \$8.49 for the industry's workers. There is a range, of course, and the lowest hourly wage is found among accommodations (\$5.79) while the highest (\$13.25) is in the amusement and recreation industry, strongly influenced by the new casino. Eating and drinking places employed the largest number of workers, and they earned \$7.13 an hour.

Figure 34
Travel Related Employment and Earnings
Clallam County, 1995
Source: Employment Security Department

	Jobs	Adjusted Ann Avg	Per Hour
Accommodations	311	\$12,046	\$5.79
Eating & Drinking	318	\$14,840	\$7.13
Food Stores	39	\$22,409	\$10.77
Retail Trade	100	\$21,504	\$10.34
Amusement & Rec	204	\$27,554	\$13.25
Transportation & Related	124	\$18,142	\$8.72
Total	1,096	\$17,665	\$8.49

OCCUPATIONAL PROFILE

Figure 35 shows employment by major occupational groupings in Clallam and Jefferson counties combined. (Unfortunately, the information cannot be disaggregated into specific counties.) Overall, the structure of the area is very similar to that of the state as a whole with white-collar type jobs predominating and share size of the various groupings being approximately equal.

The largest grouping is service occupations (not to be confused with the services sector, an industry classification) which amounts to about 6,700 jobs, or 21 percent of all jobs in the two-county area. Service occupations are subdivided into protective services, food and beverage services, health services, cleaning services, and personal services. Employment in services occupations is expected to increase rapidly over the next ten years, with a 20 percent increase between 1995 and 2005. Services

has the largest divergence from statewide share size: 21 percent in the local area versus 16 percent throughout Washington.

The fastest growing segment will be marketing and sales occupations. This group, which has a 10 percent share of jobs, should grow by 21 percent over the next decade. Occupations related to agriculture, forestry, and fishing comprise the smallest grouping with only about 1,360 jobs. Clerical and administrative support jobs will be the slowest growing with an increase of less than 10 percent.

A listing of occupations and wages based on surveys conducted in Clallam County in 1996 are shown in *Figure 36* on the next page. The occupation and its minimum, maximum, and median wage are shown.

Figure 35
Occupational Employment and Projections
Clallam and Jefferson Counties and Washington State, 1995 and 2005
Source: Employment Security Department

	Clallam and Jefferson Counties				1995-2005		Washington	
	1995		2005		% Chg	Jobs	1995	2005
Total	31,847	100%	37,226	100%	17%	5,379	100%	100%
Managerial & Administrative	2,446	8%	2,870	8%	17%	424	7%	7%
Professional, Paraprof., & Tech	6,081	19%	7,314	20%	20%	1,233	22%	23%
Marketing & Sales	3,223	10%	3,888	10%	21%	665	11%	11%
Clerical & Admin. Support	4,353	14%	4,779	13%	10%	426	16%	15%
Services	6,684	21%	7,997	21%	20%	1,313	16%	17%
Ag., Forestry, Fishing & Related	1,365	4%	1,519	4%	11%	154	4%	4%
Prec. Production, Craft, & Repair	3,832	12%	4,593	12%	20%	761	12%	11%
Operators, Fabricators, & Laborers	3,863	12%	4,266	11%	10%	403	12%	12%
White-Collar	22,787	72%	26,848	72%	18%	4,061	72%	74%
Blue-Collar	9,060	28%	10,378	28%	15%	1,318	28%	26%

Separate data not available for counties.

Figure 36
Occupational Wages, Clallam County, 1996
 (* M/H Denotes Monthly/Hourly Pay Rate)
Source: Employment Security Department

TITLE	*	MEAN	MIN	MAX	TITLE	*	MEAN	MIN	MAX
Accountant and Auditor	M	\$3,381.00	\$1,913.00	\$5,435.00	Maintenance Mechanic	H	\$15.50	\$8.00	\$21.87
Accounting Clerk I	M	\$1,298.00	\$1,040.00	\$1,677.00	Maint Repairer, General Util	H	\$13.86	\$6.50	\$21.30
Accounting Clerk II, III	M	\$1,924.00	\$1,089.00	\$2,684.00	Manager, Branch/Local Firm	M	\$3,447.00	\$1,739.00	\$5,361.00
Administrative Assistant	M	\$1,913.00	\$1,218.00	\$4,013.00	Manager, Office (Administrative)	M	\$2,437.00	\$1,362.00	\$3,479.00
Administrative Clerk	M	\$1,833.00	\$1,218.00	\$2,896.00	Manager, Property/Real Estate	M	\$3,557.00	\$3,336.00	\$4,073.00
Bartender	H	\$6.60	\$5.50	\$7.00	Manager, Restaurant	M	\$1,480.00	\$1,122.00	\$2,000.00
Bookkeeper, Full Charge	M	\$2,065.00	\$1,218.00	\$2,939.00	Manager, Retail Store	M	\$2,212.00	\$1,348.00	\$5,893.00
Buyer/Purchasing Agent	M	\$2,625.00	\$2,261.00	\$5,105.00	Manager, Service Auto	M	\$2,755.00	\$2,609.00	\$3,023.00
Carpenter, Construction & Maint.	H	\$16.26	\$12.00	\$19.00	Mechanic, Motor Vehicle	H	\$13.20	\$7.75	\$22.86
Cashier	H	\$6.13	\$4.90	\$7.00	Nurse, Licensed Practical (LPN)	H	\$12.15	\$11.00	\$20.34
Chef	M	\$2,103.00	\$1,478.00	\$3,178.00	Nurse, Registered (RN)	M	\$2,981.00	\$2,331.00	\$4,077.00
Choke Setter	H	\$17.32	\$12.00	\$26.00	Payroll Clerk	M	\$2,103.00	\$1,478.00	\$2,981.00
Clean Up Worker	H	\$7.41	\$5.15	\$13.50	Personnel Clerk	M	\$2,505.00	\$1,464.00	\$3,059.00
Cook, Dinner	H	\$8.15	\$6.15	\$15.16	Programmer/Analyst	M	\$3,239.00	\$2,496.00	\$3,893.00
Cook, Short Order	H	\$6.65	\$4.90	\$8.00	Purchasing Clerk	M	\$1,755.00	\$1,565.00	\$2,637.00
Data Entry Operator II	M	\$1,644.00	\$1,565.00	\$1,774.00	Receptionist	M	\$1,371.00	\$1,009.00	\$1,659.00
Delivery Driver/Route Worker	H	\$7.71	\$5.50	\$15.90	Sales Clerk	H	\$8.27	\$6.25	\$14.96
Dining Room Attendant	H	\$5.39	\$4.90	\$6.00	Sales Rep (with commission)	M	\$2,284.00	\$1,451.00	\$3,143.00
Electrician, Construction & Maint.	H	\$19.30	\$14.13	\$24.31	Salesperson, Auto Parts	H	\$10.40	\$8.50	\$14.38
Electronics Technician I, II, III	M	\$2,915.00	\$1,877.00	\$3,566.00	Salesperson, Specialty	H	\$10.69	\$5.00	\$26.00
Engineer	M	\$4,287.00	\$2,786.00	\$5,018.00	Secretary I	M	\$1,651.00	\$1,304.00	\$2,232.00
Engineer, Civil & Mechanical	M	\$3,960.00	\$2,887.00	\$4,002.00	Secretary II	M	\$1,894.00	\$1,391.00	\$2,395.00
Engineering Technician I, II, III	M	\$3,124.00	\$2,045.00	\$3,705.00	Secretary III	M	\$2,209.00	\$2,131.00	\$2,284.00
Fast Food Worker	H	\$5.56	\$4.90	\$7.00	Secretary, Executive	M	\$2,663.00	\$1,616.00	\$3,190.00
Food Service Worker	H	\$7.77	\$5.40	\$11.24	Shipper/Receiver	H	\$8.48	\$5.00	\$15.03
Forklift Operator	H	\$9.76	\$7.00	\$11.22	Social Worker, all types	M	\$1,783.00	\$1,656.00	\$2,750.00
Gardener/Groundskeeper	H	\$7.79	\$6.50	\$14.73	Supervisor, Clerical	M	\$2,000.00	\$1,522.00	\$2,703.00
General Office Clerk I, II	M	\$1,663.00	\$1,044.00	\$2,555.00	Supervisor, Food Service	M	\$2,193.00	\$2,040.00	\$2,545.00
General Office Clerk III	M	\$1,969.00	\$1,391.00	\$2,903.00	Supervisor, Maintenance	M	\$3,390.00	\$1,600.00	\$5,505.00
General Office Worker, 1/Office	M	\$1,981.00	\$1,565.00	\$2,783.00	Supervisor, Other First Line	M	\$3,501.00	\$1,435.00	\$4,919.00
Guard/Gatekeeper, Unarmed	H	\$10.04	\$7.57	\$11.96	Supervisor, Warehouse	M	\$1,983.00	\$1,522.00	\$3,745.00
Heavy Equipment Operator	H	\$17.40	\$12.00	\$24.38	Switchboard Operator	M	\$1,611.00	\$1,419.00	\$1,771.00
Host/Hostess, Restaurant	H	\$6.08	\$5.25	\$6.75	Teacher Aide	H	\$9.19	\$8.23	\$11.96
Janitor, Porter, Cleaner	H	\$9.62	\$5.25	\$13.34	Teller, General & New Accounts	H	\$8.87	\$7.45	\$11.04
Kitchen Helper	H	\$6.61	\$5.25	\$12.25	Truckdriver, Heavy/Tractor Trailer	H	\$15.06	\$9.00	\$26.00
Laborer, Construction	H	\$16.75	\$10.00	\$23.00	Truckdriver, Light	H	\$9.34	\$7.37	\$14.43
Log Handling Equipment Oper.	H	\$16.69	\$13.75	\$23.75	Waiter/Waitress (without tips)	H	\$5.74	\$4.90	\$7.00
Maid, Hotel/Motel	H	\$5.44	\$4.90	\$6.00	Warehouse Worker	H	\$11.54	\$6.00	\$15.54

PERSONAL INCOME

This section deals with income rather than wages, which were discussed earlier and which are only one aspect of income. Data in this section are derived from

the U.S. Department of Commerce, Bureau of Economic Analysis. All income data have been adjusted to 1994 dollars.

Total Personal Income

Personal income is generally seen as a key indicator of a region's economic vitality. Conceptually, personal income captures all types of income. Wages, salaries, government transfer payments, retirement income, farm income, self-employed income, proprietors' income, interest, dividends, and rent are all included in this measure. Because business and corporate incomes are not included, it is considered personal income.

In 1994, total personal income in Clallam County was \$1.2 billion, up 2.5 percent from the previous year. That increase was slightly more than the state's 2.4 percent gain. *Figure 37*, which indexes personal income to 1970=100, shows that the county's growth rate has generally surpassed that of Washington as a whole. A strong influence on that growth has been the burgeoning retirement community in the county.

The total amount of income in an area is only a sensible concept if there is some relationship to the number of people in an area. Per capita personal income captures that. By dividing total personal income by the population, one arrives at a figure that can be used as a

common denominator between different time periods or different areas.

Figure 38 shows per capita income for Clallam County since 1970 and compares it with statewide figures. In 1994, the county's per capita income was \$19,446, and ranked 13th among Washington's 39 counties. Since 1990, there has been no growth in this income measure—although there was a slight uptick in 1993-94, the income is still less than it was at its peak of \$19,662 in 1990. The statewide average was \$22,526 in 1994; however, so strong is the influence of Seattle and King County on the statewide figures, only two counties (King and San Juan) had per capita incomes higher than the statewide average.

Per capita personal income is a good measure of how personal income is growing relative to the population. However, it gives no indication of how income is distributed among the population. To a degree, median household income does that. It indicates the point in income where half of all households have a higher income and half have a lower income. In 1995, median income in

Figure 37
Personal Income
Clallam County & Washington, 1970-1994
Source: Bureau of Economic Analysis

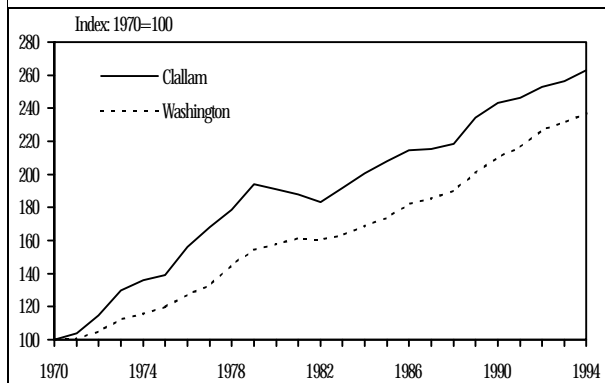
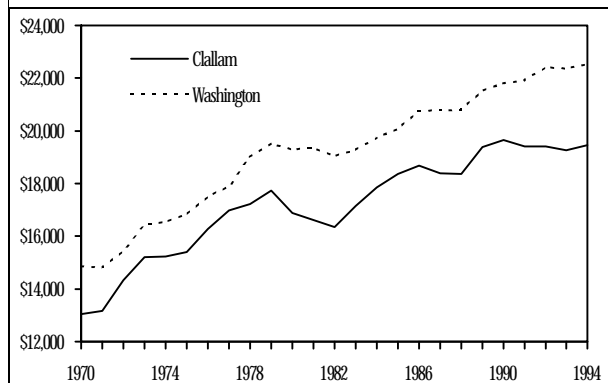


Figure 38
Per Capita Income
Clallam County & Washington, 1970-1994
Source: Bureau of Economic Analysis



Clallam County was \$31,415, ranked 26th among the state's counties. The relatively low ranking of the median income coupled with the relatively high ranking of per capita income indicates that income is less evenly dis-

tributed in Clallam County than in other areas. Statewide, on average, the median household income was \$40,398, once again, strongly influenced by King County with its high tech and aerospace industries.

Components of Personal Income

As mentioned earlier, personal income encompasses many different types of income. All the various types, however, can be subsumed under the three broad categories of earnings, transfer payments, and investment income. Earnings include wages, salaries, and proprietors' income; transfer payments include income maintenance, unemployment insurance, and retirement payments; investment income consists of interest, dividends, and rent. *Figure 39* shows how these components of personal income (indexed to 1970=100) have changed over time in Clallam County. *Figure 40* shows each component's share of total personal income.

In 1994, the dollar amounts of these components were: earned income, \$611.8 million; transfer payments, \$297.6 million; and investment income, \$333.0 million.

Transfer payments and investment income have had the strongest growth by far. Transfer payments increased by 326 percent since 1970 and investment income grew 316 percent. The other component, earned income, grew only 86 percent. In 1970, transfer payments accounted for 15 percent of personal income; they now account for 24 percent. Investment income's share has grown from 17 percent to 27 percent. Earned income fell from 69 percent of the total to 49 percent. Clearly, a shift in the sources of income has occurred. Clallam County is one of nine counties in the state where earned income constitutes less than half of personal income. All these counties are rural; six are in western Washington; and most have historically relied heavily upon the timber industry.

Figure 39
Changes in Personal Income Components
Clallam County, 1970-1994
Source: Bureau of Economic Analysis

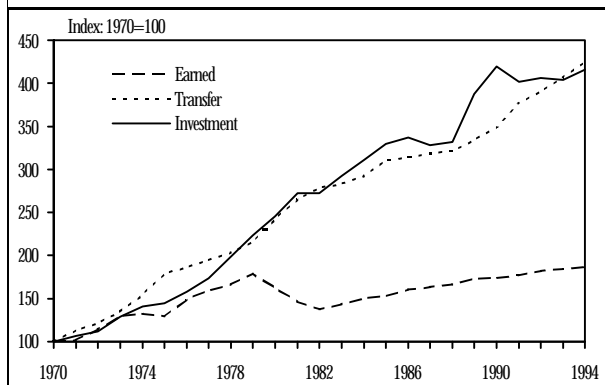
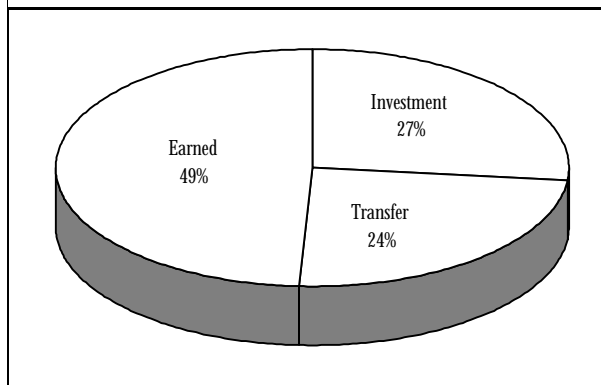


Figure 40
Components of Personal Income
Clallam County, 1994
Source: Bureau of Economic Analysis



Earned Income

There are three components to earned income: wages and salaries; proprietors' income; and what is called "other labor" income. Other labor income primarily consists of employer payments into worker health care and pension plans. As mentioned earlier, earned income

has been the slowest growing component of personal income and within earned income, wages and salaries have been the slowest element. Since 1970, wages and salaries increased by only 62 percent, an annualized rate of 2.0 percent. During the same time, proprietors' in-

come increased by 184 percent and other labor income by 267 percent. Even so, wages and salaries still constitute, by far, the largest portion of earnings (71 percent). *Figure 41* shows the growth rates of the three components over time, and *Figure 42* shows their relative sizes in 1994. Wages and salaries amounted to \$435.9 million in 1994; proprietors' income, \$134.0 million; and other labor income, \$41.9 million.

Wage and salary income has grown, albeit slowly, since 1982 but has yet to surpass the peak it hit in 1979

when it totaled \$457 million. The double-dip recessions of the early 1980s caused a sharp decline in this income, and the erosion of manufacturing jobs along with the overall degradation of the average wage have led to the slow growth since 1982. The annualized growth rate since then has been 1.6 percent (over the same period, the statewide annualized growth rate was 2.9 percent). There was even a slight drop in the county total from 1992-93 but growth resumed in 1994.

Figure 41
Changes in Earned Income Components
Clallam County, 1970-1994
Source: Bureau of Economic Analysis

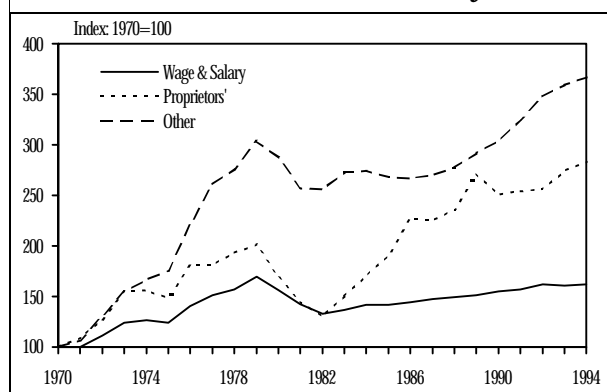
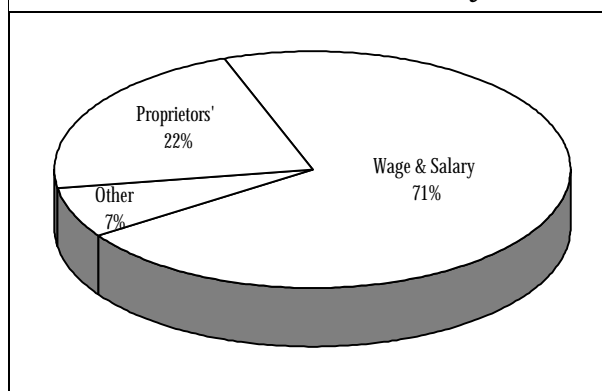


Figure 42
Components of Earned Income
Clallam County, 1994
Source: Bureau of Economic Analysis



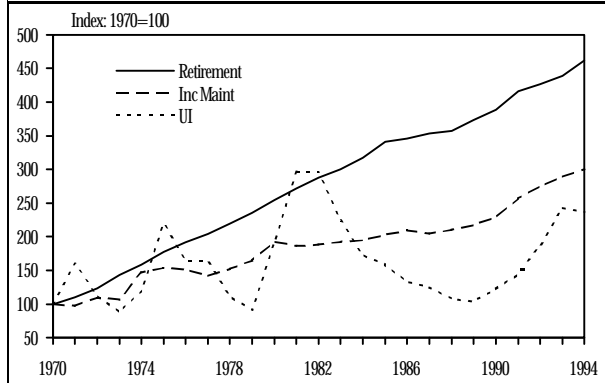
Transfer Payments

Transfer payments are generally considered to be payments, normally from the government to an individual, for which no service is required. Over the last quarter-century, transfer payments have become a larger and larger portion of personal income as growth in earnings has decelerated. This has been far more pronounced in the rural, non-metropolitan areas of the state where, in some cases, one-third of personal income comes in the form of transfer payments. In Washington as a whole, transfer payments account for 16 percent of personal income. In Clallam County, transfer payments grew from \$70 million in 1970 to \$298 million in 1994. They now make up 24 percent of the county's personal income, up from 15 percent in 1970. In highly industrialized King County, their share is only 10 percent, virtually unchanged from 1970.

There are three types of transfer payments: retirement related, which includes government retirement, military retirements, social security and Medicare; income maintenance, which are those payments normally thought of as welfare and which include AFDC, food stamps and SSI; and unemployment insurance payments. *Figure 43* on the next page shows the growth rates for these components since 1970 and *Figure 44* shows each one's share of total transfer payments.

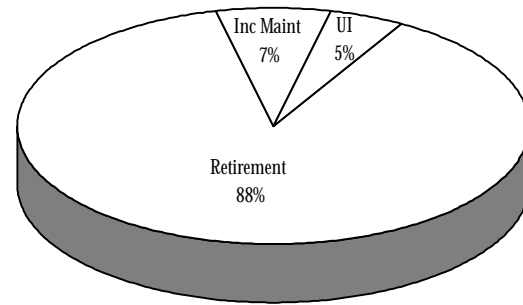
Retirement-related payments make up 88 percent of transfers and have also been the fastest growing component, climbing at an astonishing rate of 6.2 percent per year. The largest part of retirement and related payments is social security (\$110 million in 1994), followed by medical payments, primarily Medicare (\$70 million), and then government (federal, state, and local) and military retirement payments (\$48 million).

Figure 43
Changes in Transfer Payment Components
Clallam County, 1970-1994
Source: Bureau of Economic Analysis



Income maintenance, or welfare, is actually a quite small component (7 percent) of transfer payments. The dollar value was \$21 million in 1994 with 38 percent going into AFDC, 25 percent into food stamps, 20 percent into SSI, and the remainder into other income maintenance programs.

Figure 44
Components of Transfer Payments
Clallam County, 1994
Source: Bureau of Economic Analysis

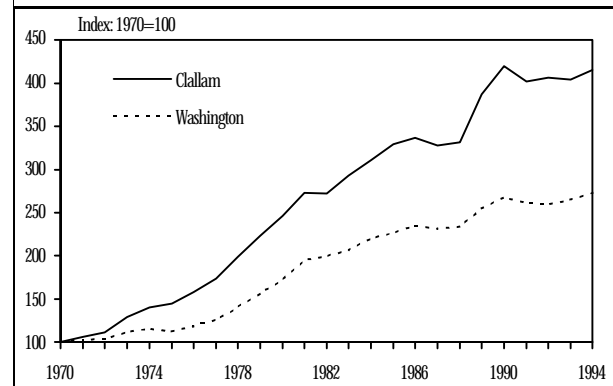


Not surprisingly, unemployment insurance payments fluctuate directly with the level of unemployment in the county. Payments, which had been climbing following the 1990-91 national recession, are now starting to come down again. As the chart shows, these payments swing widely, hinging upon the economic climate. In 1994, UI payments amounted to 5 percent of transfer payments, or almost \$15 million.

Investment Income

Investment income is derived from dividends, interest, and rent. In Clallam County, it is a significant portion (27 percent) of personal income. There is a large retirement population in the county—more than 20 percent of the county's population is over 65 years old—and much of their income stems from investments. (The dividends they collect are not to be confused with the government employee and military retirement plans that are subsumed under transfer payments.) This income amounted to \$333 million in 1994. On a per capita basis, that comes to \$5,390; statewide, the figure is \$3,512. *Figure 45* compares the growth rate of investment income in the county and compares it to statewide growth.

Figure 45
Investment Income
Clallam County & Washington, 1970-1994
Source: Bureau of Economic Analysis



JOB TRAINING AND ECONOMIC DEVELOPMENT

Job Training

Port Angeles Job Service Center. Active in the employment services area is the Port Angeles Job Service Center (JSC). Operated by the State Employment Security Department, the Port Angeles JSC serves the combined Clallam and Jefferson counties region. Its training services are located separately from the JSC offices, in the Olympic Job Training Center, also in Port Angeles. In addition to its Port Angeles headquarters, the JSC also has satellite offices in Forks and Port Townsend.

The Port Angeles JSC is a full-service office. Among its programs are:

The *Job Opportunities, Basic Skills (JOBS)* program is administered in cooperation with the Department of Social and Health Services and seeks to make those on public assistance self-sufficient through employment. Services include job planning and counseling, case management, child care assistance, educational and vocational upgrading, and job placement.

The *Worker Profiling/Reemployment Services Program* targets recent unemployment insurance applicants for job placement services to speed their return to work. This shortens the duration of unemployment for the individual and saves costs to the unemployment insurance trust fund.

Unemployment Insurance provides temporary financial assistance to eligible unemployed individuals who are able, available, and actively seeking work, or who are in approved training programs.

The *Job Training Partnership Act (JTPA) of 1982* established programs to prepare youth and unskilled adults for entry into the labor force. Of note is the emphasis on economically disadvantaged individuals and others who face serious barriers to employment.

The *Economic Dislocation and Worker Adjustment Assistance Act (EDWAAA)* is a program designed to assist clients laid off because of either plant closures or plant restructuring and technology improvements. Through this program, clients work with counselors to assess job skills

and interests and draw up an individual training strategy, which may include retraining at the community college with tuition and fees paid by the state. Job search workshops are provided to enhance skills such as resume writing, application processing, and interviewing.

The *Trade Adjustment Act (TAA)/North American Free Trade Agreement (NAFTA)* is another JSC administered program which was designed to assist those who have been displaced because of the impact of foreign imports on their industries.

Veterans Programs are also operated out of the JSC. The *Local Veterans Employment Representative (LVER)* program and the *Disabled Veterans Outreach Program (DVOP)* are both designed to provide counseling, career search skills, and job placement assistance.

In addition to these programs, the Port Angeles JSC is currently administering grants designed to assist laid off timber workers and their spouses find new employment.

Additional Clallam County JTPA programs are administered through the Kitsap County Personnel and Human Resources Department, which oversees Service Delivery Area I (also known as the Olympic Consortium, which includes Clallam, Kitsap, and Jefferson counties).

Higher Education. Although there are no public or private four-year universities in Clallam County, the area is served by *Peninsula College*. A member of the state community college system, the Port Angeles-based college (with extension sites in Forks and Port Townsend) offers academic, vocational, basic skills, and continuing education programs, as well as college transfer courses. Among its more recognized programs are fisheries and forestry technology and nursing.

Peninsula College also offers programs in alliance with some four-year institutions. Western Washington University has an established branch office at Peninsula College and offers classes culminating in a Bachelor's degree in Environmental Science/Studies. The University of Washington offers a program which leads to a Masters

in Social Work. Washington State University offers distance learning programs.

Other Education. Several programs in Clallam County offer vocational education and training in specific areas such as cosmetology. Others, mostly those offered through the county's various school districts and Peninsula College, provide courses, degree programs, or both

in a variety of vocational areas. The Office Training Center, in Sequim, contracts with federal, state, and private agencies as well as admitting individuals. With set course guidelines tailored to specific clerical occupations (from general business to legal to medical data), the Center aims to offer students pathways to stable occupations with current and future growth potential.

Economic Development

The **Clallam County Economic Development Council (CCEDC)** is a private nonprofit organization supported by its membership and its contracts with local, state, and federal government. It is the county's major economic development organization. The Council offers assistance by providing business counseling focused on planning, marketing, management and all facets of small business development. Counseling is offered by the Washington State University's Business Development Specialist, and by SCORE, SBA's Service Corps of Retired Executives. The Council is involved in business retention and new business recruitment efforts aimed at improving the quality of life and the economic vitality of the region.

Chambers of Commerce. Chambers of Commerce are generally comprised of business owners and other interested individuals who work together to further the business interest of their communities. There are Chambers of Commerce in Sequim, Port Angeles, Forks, Clallam Bay-Seki, and Neah Bay.

Infrastructure. Clallam County has a good highway network, ferry services, airports, a port, and industrial parks.

The Black Ball Transportation Company provides ferry service between Port Angeles and Victoria, British Columbia.

There are six airport facilities in Clallam County. The largest is Fairchild International in Port Angeles, which boasts a 6,350 foot main and 3,250 foot secondary runway, navigation aids, frequent passenger flights and a full-service terminal. The Sequim Valley Airport, though smaller, provides much the same services. The Forks and Seki Airports, Quillayute Air Base, and Sunshine Acres Aero Industrial Park have small runways and limited or non-existent aircraft and/or passenger services.

The Port of Port Angeles is the westernmost of all Puget Sound ports. The natural deep water harbor measures one mile wide by three miles long and descends to depths of 165 feet. It has two full-service terminals with a combined total of five berths.

Industrial or business parks are attracting more interest. Currently, there are industrial parks in Port Angeles, Forks, and Sequim.

SUMMARY

Over the last quarter-century, a major restructuring has been occurring in Clallam County; the emphasis of the major industries and employment has shifted from producing goods to producing services. While this is not unique to the county (it is occurring statewide and nationwide), it is more pronounced in this area than in most. The change has not unduly affected overall employment levels, but it has had a large influence on the types of jobs available, the types and level of income, and even on the composition of the population.

In 1970, one-third of Clallam County's nonagricultural work force was employed in manufacturing. In 1995, manufacturing's share of total employment was only 11 percent. Employment in the trade and services sectors now constitute half of the total whereas in 1970 the figure was 32 percent.

In one sense this hasn't been a negative change. Employment has grown and people have jobs. Unemployment in Clallam County in 1995, 8.8 percent of the work force, was lower than the county's historical average of 10.4 percent. Although the county's unemployment rate is generally higher than the state's as a whole, the difference is not as great as it is in many other areas, and the rate has come down significantly since the recessions of the early 1980s.

Unfortunately, the transition in the economy has produced jobs that simply do not pay as well as the jobs that have been lost. The annual average covered wage of a worker in a Clallam County manufacturing job was \$33,574 in 1995. The average for a worker with a job in the trade sector was \$14,742; for one in the services sector, \$16,190. Considering all the sectors taken together, the average wage in the county was \$21,552 in 1995—the state's average was \$27,448. These wages, though, only partially represent income, and other types of income figure prominently in the county's economy.

Per capita personal income is a prime indicator of economic well-being because it takes all types of income into account, not just wages and salaries. In Clallam County, the annual average wage, mentioned above, *declined* by 17 percent between 1970 and 1995 (after

adjustment for inflation). Per capita personal income, on the other hand, *increased* by 49 percent between 1970 and 1994. While per capita in the county lags that of the state (\$19,446 versus \$22,526), it is nevertheless increasing rather than decreasing.

Of the various income types that constitute personal income, two of the more important for Clallam County are associated with retirees. Retirement-related transfer payments and investment income together make up almost half (48 percent) of the county's total personal county income, compared to 25 percent statewide. While the elderly are not the only ones drawing this sort of income, they account for a substantial percentage. Retirees are coming into Clallam County in record numbers, and bringing their money with them. Between 1990 and 1995, the county's total population grew by 7,396; net migration accounted for 7,313 of that number. Median age in the county was 38.4 in 1990, compared to 31.7 in 1980. (The statewide median age was 33.0 in 1990.) This change in the age of the population is having far reaching consequences. Older populations, for example, are greater users of health care facilities and services—accordingly, the health care industry in Clallam County has grown significantly.

The recent closure of the Port Angeles pulp mill, costing about 365 well-paying jobs, is one more in a series of economics decisions that heralds the major changes occurring in Clallam County. While employment in the forest products industries will undoubtedly remain a major factor in the area, it is no longer the keystone of the local economy. Growth in trade and services, much of it catering to an older population, has moved to the forefront and jobs stemming directly from tourism are fast approaching the job count in manufacturing. The sources of income are shifting; earnings now account for less than half of all income, the remainder coming from government transfer payments or investments. The near future will probably be more of the same. Analyst projections indicate continued strong growth in trade and services and essential flatness in manufacturing employment over the next five years.